

# **STATE EMPLOYEES RETIREMENT SYSTEM - DEFINED BENEFIT PLANS -**

## **PROCEDURES AND GUIDELINES FOR DETERMINING QUALIFIED STATUS OF A DOMESTIC RELATIONS ORDER**

### **I. INTRODUCTION**

The State Employees Retirement System (SERS) is a governmental retirement plan and, as such, is *exempt* under United States Code, Title 29, Section 1003 from the federal requirements of the Employee Retirement Income Security Act (ERISA) and the Retirement Equity Act as they pertain to a Qualified Domestic Relations Order (“QDRO”). A QDRO is a domestic relations order (DRO) that provides for payment of benefits from a qualified plan to a spouse, former spouse, child or other dependent of a plan member and that meets certain requirements.

As noted, SERS, as a governmental plan is not governed by ERISA. However, the State Employees Retirement Act does provide for the division of pension benefits when is so ordered by a court of competent jurisdiction in recognition of marital asserts or child support obligations, providing such order is not contrary to SERS plan provisions. This plan approved domestic relations order, referred to as a “PADRO” in these guidelines for ease of reference, is a court order (DRO) that meets the conditions specified by state law and by SERS. Additionally, Conn. Gen. Stat. Sec. 52-321a allows a “QDRO” to be ordered by a court upon petition by the State to recover the costs of incarceration of a plan member or beneficiary or upon the petition of a victim of a crime committed by a member to recover damages awarded by a court of competent jurisdiction. A SERS PADRO is a deemed qualified domestic relations order for purposes of Sec. 52-321a and for federal tax purposes.

The State Employees Retirement Commission is responsible for the proper administration of SERS; therefore, it is imperative that the court, the attorneys, and the parties become familiar with the Commission's requirements and some important SERS plan provisions before executing a pension division order. Copies of the summary plan descriptions for each of the state’s three plans are available on the Connecticut State Comptroller website at [www.osc.state.ct.us/empret](http://www.osc.state.ct.us/empret). A modifiable version of the Model PADRO may be downloaded from the same web site.

The role of the Commission and of the Retirement and Benefit Services Division in approving PADROs is simply to determine whether the PADRO satisfies the requirements under the Internal Revenue Code and under the Plan. The Division’s pre-approval or final approval of the PADRO relates solely to whether the technical requirements for PADROs were satisfied. Whether or not the PADRO is at a stage where the parties should agree to its terms or whether the terms are “fair” to the parties is not a determination for the Commission or the Division to make. Neither the Commission nor the Division are, or can be, involved in any negotiations between the parties as to the division of retirement plan benefits. Neither the Commission nor the Division can (or will) give legal or actuarial advice with regard to the terms of the PADRO or the value of the benefit being discussed.

## II. BASIC PROCEDURAL STEPS FOR PADRO PREPARATION

1. SERS does not write PADROs. SERS reviews draft PADROs to determine if they can be administered.
2. The drafter of the PADRO should find out everything he or she can about the member and his/her benefits. Each member is given a “Personal Statement of Benefits” in the fall of every year. It is suggested that the drafter obtain a copy of this Statement from the member (SERS does not keep copies) prior to drafting the Order. While the amounts in the Statement are estimates, the Statement does provide important basic information about the member’s retirement benefits including Tier membership, payment options and contribution information.
3. The drafter needs to draw up the DRO in accordance with the steps outlined in these guidelines and in conformance with the Model PADRO provided. SERS is not governed by ERISA: language relating to ERISA plans should not be used. It goes without saying, both the Participant and the Alternate Payee should agree on its provisions before it is drafted.
4. SERS will “pre-approve” a DRO and the drafter should send it to SERS for approval. When the DRO is pre-approved by SERS, then have the parties sign it and submit it to the court for approval.
5. When the court approval is obtained, one of the parties must obtain a **court certified copy** of the court order. This copy should be sent, preferably by certified mail, to SERS for approval as a PADRO.
6. When SERS approves the DRO as a PADRO, it sends out a notice to the parties. Both the participant and the alternate payee (and their attorneys) should keep a copy of both the PADRO and the notice.
7. What happens if SERS doesn’t approve it at this end stage? SERS will send you a notice which will include the reasons for the rejection including if applicable, a description of any additional material, information, or modifications necessary for the order to be a PADRO and an explanation of why such material, information, or modifications are necessary. For example, the rejected order may contain a provision for a lump sum distribution of benefits which is not an option offered by SERS. At that time, the drafter will need to return to Step 3 and start the entire process over again. It is important to note that SERS can, and will, reject even a court approved order if it does not conform to plan provisions.
8. Plan accordingly: it can take 4-6 months for DRO approval by the Plan.
9. Three things to keep in mind:
  - A PADRO should not be confused with an alimony award; it is viewed more of a marital asset as opposed to spousal support.

- A PADRO is not always necessary in situations of divorce. If the parties can agree to divide other marital property equitably, then SERS benefits may not need to be divided, and there may not be a need for a PADRO.
- A SERS PADRO must be a final judgment, decree, or order that has been qualified by SERS. If an order has not been signed by a duly appointed judicial official and filed in accordance with applicable laws and procedures, the order may be a domestic relations order, but it is not an SERS PADRO and it will not be enforced.

### III. GLOSSARY OF COMMON TERMS AND DEFINITIONS

For purposes of applying the procedures outlined herein, the following definitions shall be controlling, unless otherwise stated herein:

- **Accrued Benefit**

An accrued benefit is the amount of retirement benefit that a member has earned as of a particular date in a defined benefit plan. It is calculated according to the benefit formula in the plan. When preparing a PADRO for SERS, the drafter should make sure the accrued benefit is determined as of a certain date (date of divorce, date of retirement, etc), whether it will include future contingent benefits (e.g. cost of living adjustments, early retirement “handshakes”, etc). and the effect of retirement payment options upon the accrued benefit.

- **Alternate Payee**

An alternate payee (“AP”) is defined as an individual who is both entitled under Connecticut law and is recognized by a domestic relations order as having a right to receive all, or a portion of, the benefits payable under a plan with respect to the member. Basically, this is the party that *receives* the benefit.

- **Benefits (Generally)**

In order to decide how to divide benefits under a PADRO, the drafter first should determine the types of benefits the plan provides. SERS plans provide:

- (1) Retirement benefits that are paid during the member's life and;
- (2) Survivor benefits that are paid to contingent annuitants after the member's death.
- (3) Refund of contribution(s).

Generally, a PADRO can assign all or a portion of each of these types of benefits to an alternate payee. The drafters of a PADRO should coordinate the assignment of these types of benefits.

- **Benefit Payment Options**

At retirement, the member will have several payment options available to him or her such as straight life, 50% spouse, 10 year certain, etc. These options are outlined in the member's Statement as well as at Conn. Gen. Stat. Sec. 5-165. The payment option should be chosen with care because it affects the amount of the member's monthly payment and it cannot be changed after retirement benefits commence. For example, a straight life annuity generally provides a member with the highest monthly benefit but all payments stop at the death of the member while a 10 year certain may provide a smaller monthly amount but may provide a benefit beyond the member's death.

- **Contingent Annuitant**

"Contingent annuitant" is, in essence, the person named by the member to receive payments following his or her death. A Contingent Annuitant can only be named if the option selected provides for annuity payments to a second person. For example, there can be no "contingent annuitant" if the straight life payment option is chosen. For some options, the Contingent Annuitant must be the spouse or spousal consent must be obtained to name someone other than the spouse.

- **Contributions**

SERS is a defined benefit plan. As such, it is funded by the State on an actuarial basis; there are no State contributions individually assigned to an employee's account. State contributions are never available to the member or to an alternate payee for distribution. However, some employees (depending on the "Tier" to which they belong) may contribute a percentage of their salary to the Plan. For these employees only, in the event of their termination of employment or death prior to retirement, the employee contribution account may be available for distribution. Please note that special rules may apply for members who work in positions designated as "hazardous duty."

- **Defined Benefit Plans**

A defined benefit plan provides fixed or "definitely determinable" benefits, established by formula, set in advance, and by actuarial cost methods. The basic retirement benefits are generally expressed in the form of periodic payments for the member's life beginning at the member's retirement. This stream of periodic payments is generally known as an "annuity." There are special rules that apply if the member is married – for example – benefits may be paid in the form of a qualified joint and survivor annuity rather than a simple life annuity and spousal waivers are required in some cases.

- **Disability Retirement**

Active participants who become disabled may be eligible for disability retirement benefits. Notwithstanding any provision to the contrary, PADROS will be applicable to disability retirements. Drafters should be aware that a disability retirement benefit may be coordinated with other sources of income. For example, a member's monthly disability benefit from the Retirement Plan plus Social Security benefits and Workers' Compensation benefits will not be

less than 60% of the member's state salary which means that a disability retirement may start with one monthly benefit amount and then be reduced if and when the member receives social security disability benefits. For example, a member may start out with a \$1,000 per month disability retirement benefit but upon receipt of social security disability benefits, the amount received from SERS may decrease to \$800 per month.

- **Domestic Relations Order (DRO)**

A "domestic relations order" (DRO) is any judgment, decree, or order (including approval of a property settlement agreement) that provides an individual with all or a portion of, the benefits payable under a plan with respect to a Plan member and is made pursuant to a State domestic relations law or, in the case of State of Connecticut pension and retirement benefits, in accordance with Conn. Stat. Sec. 52-321a.

It is important to note that there can be no DRO until there is a finalized, executed judgment, decree or separation agreement that is approved and signed by the court.

- **Member (or Participant)**

The "member" is the individual whose benefits under the plan are being divided by the PADRO. The member's spouse (or former spouse, child, or other dependent) who receives some or all of the plan's benefits with respect to the member under the terms of the PADRO is the "alternate payee." As different rules may apply, it is important to determine whether the member is an active member in the plan, a terminated member, or is retired and is receiving retirement benefits (e.g. on "pay status").

- **Pay Status**

The member has retired or otherwise left employment and is actually receiving retirement benefits.

- **Plan Approved Qualified Domestic Relations Order**

A "PADRO" (plan approved domestic relations order) is a court order (DRO) that meets all conditions specified by state law and SERS provisions. A "PADRO" is a court order approved by SERS establishing the manner in which the retirement benefit of a SERS member and the alternate payee (usually the former spouse) should be divided when the benefit becomes payable.

- **Shared Payment Approach**

The AP receives payments under this approach only when the member receives payments. In splitting the benefit payments, the PADRO may award the alternate payee either a percentage **or** a dollar amount of each of the member's benefit payments; in either case, the amount awarded cannot exceed the amount of each payment to which the member is entitled under the plan. The Shared Payment is the only form of benefit allowable under governmental plans.

- **Spouse**

Effective January 1, 2001, qualified same sex domestic partners of state employees are eligible for coverage under the State's pension plan provisions as long as certain requirements are met. Effective October 1, 2005, civil union partners are also eligible for coverage under the pension benefit plan provisions. To that end, the term spouse is intended to mean same sex domestic partner and civil union partner as well as opposite marriage partner whenever it is appropriate.

- **Summary Plan Description**

The summary plan description is a document that summarizes the rights and benefits of participants and beneficiaries and the obligations of the plan. Copies of the summary plan description are available on the Connecticut State Comptroller website at [www.osc.state.ct.us/empret](http://www.osc.state.ct.us/empret).

- **Tax Issues**

The federal income tax treatment of retirement benefits is grounded by federal law, and a PADRO cannot designate who will be liable for the taxes owed when retirement benefits are paid. Generally, payments from the Plan to the alternate payee pursuant to an order shall be includable in the alternate payee's gross taxable income. Additionally, under current IRS rulings, there may be federal tax consequences in assignment of pension benefits involving civil union and same sex domestic partner arrangements. All parties should consult with their legal and financial advisors about any possible tax issues or consequences as neither the Commission nor the Division can or will provide any tax advice.

#### **IV. IMPORTANT SERS PLAN DIFFERENCES**

The most important difference in drafting a domestic relations order under SERS is that many IRS provisions relating to the rights of a spouse are not applicable to governmental pension plans. Simply stated, former spouses do not enjoy the same rights or benefits under governmental pension plans as they may under ERISA plans.

The only form of benefit available to an AP under a governmental plan is a "shared payment" benefit. Under SERS (and unlike ERISA) the alternate payee cannot begin collection of his/her portion of the benefits until the member actually retires. Also, payments to the alternate payee will be made only for the lifetime of the member. If the drafter wishes to provide protection to the alternate payee with regard to the death of the member, the member must choose a benefit payment option which will provide such protection and name that option in the PADRO.

*Remember*, under SERS:

- The AP cannot begin receiving a pension distribution until the member actually decides to retire. If the member chooses to work until a later age, the AP must wait until s/he retires to begin collecting benefits. Even if the member could retire at 62, the member can work until age

70 or even later and the AP will not receive any benefit payment or distribution until that time.

- The AP's portion of the pension has no survivor benefits. If the AP dies prior to the member's retirement, or any time after the commencement of benefits, the AP's estate gets nothing. The AP does not have the opportunity to designate a beneficiary.
- A distribution to an AP at the member's "earliest retirement date" is not possible unless the member applies for and is found eligible for such benefits at his/her "earliest retirement date". Any court-awarded portion of a member's monthly retirement benefits can only be paid to an AP when the member applies for and is found eligible to receive such retirement benefits. SERS will not enforce any provision in a PADRO that attempts to "order" or require the member to retire at a certain age or on a certain date.
- SERS does not and cannot prepare lump sum present value calculations of accrued retirement benefits. Parties can stipulate to the value or if they feel it necessary, can obtain a present value calculation from an independent expert such as a qualified certified public accountant or an actuary.
- SERS provides pre and post retirement death benefits to most but not all of its members.

One last consideration: although state employees are paid on a bi-weekly basis, retirees are paid on a monthly basis. Drafters and parties should make all calculations and determination on a monthly basis.

## **V. PAYMENT OPTIONS AND METHODS UNDER SERS**

Generally, a PADRO can divide an SERS account between a member and an alternative payee in four basic ways: a "dollar amount method," the "straight percentage method," a "service factor percentage method" and a "percentage of benefit at date of dissolution."

### **1. Dollar Amount Method**

Under this method, SERS is directed to pay a set monthly amount to the Alternate Payee upon the retirement of the member such as \$300 of the Member's gross monthly payment.

### **2. Straight Percentage Method**

Under this method, SERS is directed to pay benefits to the Alternate Payee under a formula such as 25% of the gross monthly benefit payable at the date of distribution to the Member. If a PADRO awards a *percentage* of the member's benefit payments (e.g. an award of 25% rather than a set dollar amount), then the alternate payee generally will

automatically receive a share of any future increase in the member's benefits (e.g. a cost of living adjustment). Conversely with a percentage approach, if the member takes an early retirement so that his benefit is actuarially reduced, the AP's benefit will be correspondingly reduced as well.

3. Service Factor Percentage Method

This is a formula which uses fractions to determine the monthly benefit. A sample of this formula is shown below:

$$\frac{5 \text{ years (years of marriage)}}{20 \text{ years (years member in plan or credited service)}} \times 50\% \text{ (share to AP)}$$

The numerator of this fraction represents the period of time that the employee participated in the pension plan during the marriage (from the Date of Marriage to the Date the Marriage Ended, e.g. 5 years), while the denominator represents the total period of time that the individual participated in the plan at the time of retirement (Total Number of Years of Service, e.g. 20 years). Please note there may be a difference between years a member in the plan and amount of credited service so be careful in your selection. The fraction is then multiplied against the percentage of the pension awarded to the alternate payee (e.g. 50%). In the example above, the alternate payee's share would be 12.5% of the payee's monthly benefit at the time of retirement.

If some variation on the service formula is to be used, the drafter is responsible for listing with specificity all required components (e.g. denominator, numerator, beginning and end of the marriage, etc) of the formula. If you know these numbers – do the math and use the result instead of the formula. Be clear as possible!

Please note that because it is a formula extreme care should be taken by the drafter to ensure that the formula gives the desired result. For example, although the formula above appears to give the AP half of the benefit, it actually only gives the AP 12.5% of the member's benefit at retirement. Additionally, as the formula may be dependent upon a future event (e.g. total years in plan) the amount of the benefit is uncertain. Using the above formula, if a member spent an actual 25 years in the plan, the AP's share drops to 10% of the payee's monthly benefit.

4. Percentage of Benefits At Date of Dissolution

Under this method, SERS is directed to pay a set monthly amount to the Alternate Payee which is determined at the *date of dissolution* of the marriage. Drafters are encouraged to secure a good faith benefit estimate from the Division concerning this monthly amount prior to submitting the DRO to the Division for its approval.

## **VI. ISSUES RELEVANT TO THE SERS DEFINED BENEFIT PLANS**

Among the issues and items to be considered by both parties in drafting a PADRO for SERS' defined benefit plan are:



- Remember – there are three “income related” issues that need to be addressed in a SERS PADRO: (a) the accrued benefit; (b) possible member contributions and distribution thereof in case of death or termination; and (c) the benefit payment option and its effect on the accrued benefit and survivorship issues.
- There are a limited number of positions within State employment that have been designated as “hazardous duty” positions. There may be special retirement rules that relate to these positions – for example – a hazardous duty member may retire with a normal retirement benefit at any age if they have 20 years of service. The drafter needs to find out if the member holds such a position and the effect of such designation on retirement benefits.
- The date the accrued benefit is to be determined. The date of the dissolution of the marriage? The date of actual retirement? With regard to the date of retirement note that an early retirement may be possible for the member but at a reduced benefit.
- Should the benefit be computed as a straight dollar amount or as a percentage of the member’s actual retirement payment? Or should a service fraction be used? **DO NOT INCLUDE MORE THAN ONE ALTERNATIVE IN YOUR ORDER OR A CHOICE OF ALTERNATIVE DEPENDING ON CIRCUMSTANCES AS IT WILL BE REJECTED.**
- What “Tier” of SERS is the member a member of (e.g. Tier I, Tier II or Tier IIA)? Is the member required to contribute to his or her retirement plan? Is so, what is the percentage of the contribution? Does the member qualify for retirement benefits at the time of the PADRO?
  - *Remember*, payment to the alternate payee is contingent upon the member actually retiring and receiving a retirement allowance. Assume that an AP and a “Tier II” member were married for 20 years and divorced when the member was 40 years old. The member dies when he is 42 having worked for the state for 17 years. There are no retirement benefits or distributions available or payable to the AP unless the member held a hazardous duty position.
- Know the different retirement payment options available to the member and their effect upon the AP if chosen. If the PADRO does not identify the benefit payment option, then SERS will presume that the member is free to select any available retirement option (e.g. straight life, 10 year certain, etc).
- The method used to derive the accrued benefits (e.g. what type of formula is to be used). **MAKE SURE THAT IT MAKES SENSE FROM THE VIEWPOINT OF THE PLAN’S BENEFIT FORMULA!** A formula that adds up to 110% is of no help to anyone and may not be discovered until

the benefit commences. Additionally, in drafting a PADRO, make sure you consider not only the accrued benefit but benefit payment options at the time of retirement and the effect of early retirement (if available) on the benefit.

- *Remember*, a PADRO may award to the alternate payee all or part of the member's basic retirement benefits.
- *Remember*, it is possible to have future increases in the Participant's benefits. Basic retirement benefits may increase due to circumstances that occur *after* a PADRO has been entered, such as increases in salary, crediting of additional years of service, or legislative amendments to the plan's provisions.
- *Remember*, the member's benefit amount may change at retirement depending on which benefit payment option he chooses – a choice which may have an effect on the expectation of the parties if a percentage of the benefit amount is chosen.
- The effect of the member and the alternate payee's death on the benefit. Unless the AP has been named as a contingent annuitant, the member's post-retirement death will stop any benefit payment made to the AP. However, being named as a contingent annuitant may have the effect of ultimately giving the AP additional benefits not originally contemplated by the order. Remember: the SERS plan does not permit the AP to name a beneficiary. Rather, the SERS plan provides that on an AP's death before payment, any undistributed benefit is restored to the member.
- Surviving and/or subsequent spouse issues. For example, if the plan member has remarried and has been married for at least one year prior to his/her retirement date, written spousal consent from the current spouse will be required if he/she does not name his/her current spouse as the lifetime contingent annuitant even if this occurs after entry of the PADRO.
- Lastly, if the divorce is occurring after retirement and the member is in pay status, the payment option cannot be changed. The rule of thumb for a post retirement divorce is "once a spouse, always a spouse." Thus, while the member's benefit may be divided, the payment option he has chosen, etc. straight life, 50% spouse, 10 year certain, cannot be changed.

## **VII. PLAN PROVISIONS AND CONDITIONS**

1. SERS is a defined benefit plan. As such, it is funded by the State on an actuarial basis; there are no State contributions individually assigned to an employee's account. State contributions are never available to the employee or to an alternate payee for distribution. Separate accounts are not maintained for Members and Alternate Payees. Do not submit an order which treat member's interests like accounts in a defined contribution plan. Such

treatment will lead to a rejection of the order, which will cause a loss of future benefits for APs. Drafters are reminded that SERS benefits are determined by a formula and that member's contributions (if any) does not necessarily represent the full "value" of a member's interest.

2. If the employee is a member in a SERS plan which requires employee contributions, an individual employee contribution account has been established for the member consisting of his/her own contributions plus interest earned on the account. Actively employed participants are not eligible to withdraw any portion of the employee contribution balance. In the event of the plan member's termination of employment or death prior to retirement, the employee contribution account may be available for distribution. Remember, contributions and distributions may be different depending upon Tier and whether the member's position is designated as hazardous duty.
3. SERS is not required to provide for any type or form of payment, or any option that is not otherwise provided under the plan.
4. An alternate payee has no individual rights with respect to the plan. Payment to the alternate payee is contingent upon the member actually retiring and receiving a retirement allowance.
5. SERS will compute the plan member's benefit as of the member's actual retirement date **or** the date of marriage dissolution. This computation will be utilized in determining the benefits payable to the alternate payee. To the extent the parties intend for the alternate payee's interest in the plan to be factored on the date of dissolution, SERS requires that the parties determine the value of the interest as of that particular date and state it in the order. SERS, upon a written request, can only estimate the member's current vested interest in the plan, if any. SERS does not have actuaries on staff and is unable to provide information regarding the actuarial value of the benefit plan.
6. No lump sum payment of the member's contributions - if any - in the plan can be made to the alternate payee unless the member is eligible for a refund and applies for a withdrawal of such funds.
7. The IRS Code, Section 414(p)(5) provisions relating to the continuation of the alternate payee as the survivor of the plan member are not applicable to governmental pension plans. The dissolution of the marriage will therefore terminate the spouse's right to be treated as the surviving spouse of the plan member.
8. If the plan member dies prior to the commencement of retirement, the AP may be eligible for some payment if the member paid employee contributions as part of his/her plan membership – in that case the member's designated beneficiary will receive a lump-sum refund of the employee contributions and earned interest. The distribution of contributions should be addressed in the PADRO. It is possible in some cases that no benefits or disbursements of any kind (such in the case of a Tier II member) can be made.
9. If the plan member dies after retirement, the continuation of benefits will depend on whether the member elected to have his/her retirement benefits paid to someone else in the

event of death or whether the member elected lifetime only benefits with all payments ending at death.

10. In some cases, the plan member may elect to have his/her retirement benefits paid to the former spouse in the event of the member's death. The extent to which SERS can enforce a provision which orders the member to elect a survivor option for a former spouse will depend on the member's marital status and receipt of the current spouse's consent to the option election, if required.

## **VII. A SUMMARY OF SERS REQUIREMENTS FOR PADROS**

### **A. A valid PADRO must:**

1. Contain the name, address and social security number of the retirement plan member.<sup>1</sup>
2. Contain the name, address, and social security number of the alternate payee.
3. Identify SERS as the Plan.
4. State that the order is a domestic relations order (“DRO”) under the domestic relations laws of Connecticut.
5. State the flat dollar amount of the member's monthly benefit payment that is to be assigned to the alternate payee; or, in the alternative, a percentage of the member's actual benefit payment, which must be a fixed percentage, that is to be paid to the alternate payee. If some variation on the service formula is to be used, the drafter is responsible for listing with specificity all required components (e.g. denominator, numerator, beginning and end, etc) of the formula. The Plan is not responsible for formula errors or ambiguous language on the part of the drafter.
6. State the duration of monthly benefit payments to the alternate payee, which may not extend beyond the lifetime of the plan member. As benefit obligations will cease with the death of the alternate payee, SERS is prohibited from disbursing payments to the estate of the alternate payee.
7. State the contingent arrangement for the distribution of the member's contributions and credited interest (if applicable) in the plan. This contingent method of payment would become operative if the member is eligible for a lump sum payment of his/her contributions and interest - if any - in the plan, and the member affirmatively elects to receive such lump sum payment; or, alternatively, the contingent arrangement becomes operative if: 1) the member dies prior to commencing monthly benefit payments under the plan, 2) the member has contributions and interest remaining in the plan, and 3) no

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<sup>1</sup> Social security numbers are required. However, with the court's approval, the parties' social security numbers may be submitted on a separate document and sent to the Division with the certified PADRO.

continuing survivor payments are required in accordance with the provisions of the plan.

8. State that the payments will begin at the time distributions to the member begin.
  9. Have the member, alternative payee and their respective attorneys (unless the parties are *pro se*) sign the PADRO. Unsigned PADROs are not acceptable and will be returned.
- B. A valid PADRO may, if the order clearly so provides
1. Name more than one contingent annuitant.
  2. If received and accepted by SERS as a valid PADRO before the member retires or dies:
    - a. Require the member's pension benefits to be paid under a particular option.
    - b. Bar the member from taking a refund of his/her contributions.
    - c. Require the member's death benefits to be paid to the AP.
- C. A valid PADRO CANNOT:
1. Require SERS to maintain separate accounts.
  2. Require SERS to pay any amounts to attorneys, financial institutions (except for rollovers), or others.
  3. Require SERS to provide a type or form of benefit or option not already provided.
  4. Require SERS to pay increased benefits (determined on the basis of actuarial value).
  5. Take precedence over any PADRO previously accepted by SERS involving the same member and a different spouse.
  6. Use wording or statutory provisions applicable to ERISA plans.

**For actuarial and other reasons, the Division may request certain information from the Alternate Payee such as copy of his or her birth certificate, depending on what payment option is noted in the PADRO.**

**Alternate Payee and the Member must notify the Plan Administrator of any change of address so that this PADRO can be carried out in accordance with the law.**